

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JACOB CARL KEY	)	
	)	
COMPLAINANT	)	
	)	
V.	)	CASE NO. 92-187
	)	
TOWN AND COUNTY WATER DISTRICT	)	
	)	
DEFENDANT	)	

O R D E R

On April 15, 1992, Jacob Carl Key ("Key") filed a complaint against the Town and Country Water District ("District").

In his complaint, Key alleges that the rates of the Town and Country Water District are too high and that the District pays more for the purchase of water from its supplier than other water districts that also purchase water from the same supplier. Key requests as his relief that the Commission reduce the rates of the District.

Based upon the foregoing and being otherwise sufficiently advised, the Commission finds that Key has failed to establish a prima facie case. Kentucky case law requires the Commission to use the revenue requirement standard for rate regulation. South Central Bell v. Utility Reg. Com'n., Ky., 637 S.W.2d 649 (1982). Simply stated, under the revenue requirement standard, the Commission must permit a utility to set rates which (1) cover operating costs and (2) provide an opportunity to earn a

reasonable rate of return on the property devoted to the operation of the utility. The Commission examines the operating costs of each utility individually because each utility will have varying operating costs. Thus, the rates set by the Commission for other utilities are not germane to the normal, traditional factors that go into the determination of a proper rate for the services rendered by a utility.

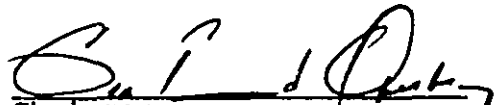
IT IS THEREFORE ORDERED that:

1. Complainant has 10 days to amend the complaint to establish a prima facie case.

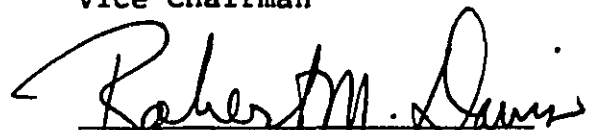
2. If the complaint is not so amended within such time, this case shall be dismissed without further Order of the Commission.

Done at Frankfort, Kentucky, this 5th day of May, 1992.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director , Acting